

The Ledger

Tuesday, August 9, 2005

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LAKELAND, FLORIDA

www.theledger.com

SUNRISE EDITION

U.S. AGRI-CHEMICALS CORP.

Mining Company Will Likely Close in Polk

By KYLE KENNEDY
The Ledger

LAKELAND — U.S. Agri-Chemicals Corp. is planning to cease phosphate operations at its Bartow and Fort Meade facilities, a move that likely will precede the company's exit from Polk County.

USAC's departure would leave Mosaic Co. as Polk's last standing phosphate giant.

The news was announced Monday by Mosaic, which has a tentative agreement to pay USAC \$84 million for the early termination of a phosphate rock contract. Officials with Fort Meade-based USAC declined to comment and referred questions to Mosaic.

"USAC informed us that they were going to shut down their plants altogether," said Linda Thrasher, a spokeswoman for Mosaic.

In addition, a Mosaic news release said it agrees to:

- Issue \$38 million in shares of common stock to USAC in exchange for various equipment, parts and roughly 3 million short tons of unmined phosphate reserves.

- Pay USAC \$10 million to settle an existing lawsuit concerning price

disputes over the companies' rock sales agreement.

USAC will halt phosphate operations once it exhausts current inventories of raw materials, according to the Mosaic release. An industry insider estimated it would take about three months for the company to deplete its supplies.

Mosaic was formed when IMC and Cargill merged in 2004. IMC had entered into the phosphate rock sales agreement with USAC in 1994 and was supplying the company with about 2 million short tons of mined phosphate rock per year. The contract was extended to 2014 in 1999, and in 2000, USAC paid IMC a \$57 million advance.

IMC last year exercised a contractual right to terminate the agreement early in October 2007 in exchange for \$84 million. Mosaic officials said the move would allow the company to retain the phosphate rock normally reserved for USAC.

Although USAC officials have yet to confirm any plant closings, Mosaic Vice President H. Gray Gordon said his company has no

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by the Chinese government, has about 280 employees at its Bartow and Fort Meade sites.

Along with Mosaic, it is the last active phosphate company in Polk. CF Industries of Zephyrhills maintains an office in Bartow, but has a mine in Hardee County and a facility in Plant City.

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Phosphate

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plans to acquire USAC's Bartow and Fort Meade facilities. Gordon said he was unsure of what prompted USAC's decision to cease operations.

"It's probably strictly just a business decision," he said.

The planned transactions between USAC and Mosaic will be subject to board and regulatory approval.

USAC, a subsidiary of Sinochem Corp., which is owned



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